

Message Text

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15

ACTION EA-10

INFO OCT-01 ISO-00 SAM-01 NIC-01 SAJ-01 SP-02 AID-05 EB-04

NSC-05 RSC-01 CIEP-01 TRSE-00 SS-15 STR-01 OMB-01

CEA-01 CIAE-00 COME-00 FRB-01 INR-05 NSAE-00 XMB-02

OPIC-03 LAB-01 SIL-01 DODE-00 PA-01 USIA-06 PRS-01

L-01 H-01 AGR-05 SWF-01 INT-05 FEA-01 EUR-08 /093 W

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R 010518Z NOV 74

FM AMEMBASSY CANBERRA

TO SECSTATE WASHDC 4423

INFO AMCONSUL HONG KONG

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

A/CINCPAC

C O N F I D E N T I A L CANBERRA 7189

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PINT, ECON, AS, CH

SUBJ: DEPUTY PRIMIN CAIRNS TRADE DISCUSSIONS WITH PRC OFFICIALS

REF: CANBERRA 7032

1. IN COURSE OF BRIEF CALL ON DEPUTY PRIMIN CAIRNS BEFORE HIS DEPARTURE FOR BAUXITE CONFERENCE IN GUYANA, TO BE FOLLOWED BY VISITS NEW YORK AND WASHINGTON, I ASKED CAIRNS FOR HIS IMPRESSIONS ON RECENTLY CONCLUDED TRIP TO PEKING WHERE HE OPENED AUSTRALIAN TRADE FAIR. CAIRNS COULD ONLY GIVE ME SOME QUICK OVERALL IMPRESSIONS, AS FOLLOWS, SINCE HE WAS ON THE POINT OF DEPARTURE FOR GUYANA.

2. TRADE FAIR WAS A MODEST SUCCESS. IMMEDIATE SALES WERE IN
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THE ORDER OF \$A2 MILLION, WITH \$A15 MILLION

ADDITIONAL ORDERS IN SHORT-TERM PROSPECT. CHINESE PRIMARILY INTERESTED IN WOOL SHEARING AND OTHER LIGHT EQUIPMENT RELATED TO SHEEP AND CATTLE RAISING, BUT NOT INTERESTED IN IMPORTS OF AUSTRALIAN LIVESTOCK AT THIS TIME.

3. CAIRNS EXPECTS OVERALL PRC-AUSTRALIA TRADE TURNOVER TO CONTINUE IN RANGE OF \$A200-250 MILLION ANNUALLY IN NEXT FEW YEARS. (FY 74 AUSTRALIAN EXPORTS OF \$A117 MILLION WERE ROUGHLY TRIPLE THE FY 72 LEVEL WHILE AUSTRALIAN IMPORTS AT \$A72 MILLION WERE SLIGHTLY LESS THAN TWICE THE FY 72 LEVEL). CAIRNS OBSERVED THAT PRC HAD EXCEPTIONALLY GOOD WHEAT CROP AND AUSTRALIA WOULD SUPPLY LESS WHEAT IN COMING YEAR THAN HAD BEEN EXPECTED. PRC WILL CONTINUE AS MAJOR CUSTOMER FOR AUSTRALIAN SUGAR. A PRINCIPAL OBSTACLE TO SIGNIFICANT EXPANSION OF AUSTRALIA-PRC TRADE ABOVE PRESENT LEVELS IS LIMITED CHINESE EXPORT POTENTIAL. CAIRNS SEES NO SIGNIFICANT NEW ITEM OF CHINESE EXPORT IN OFFERING EXCEPT PETROLEUM. AUSTRALIA INTERESTED IN IMPORTING CHINESE PETROLEUM BUT SIGNIFICANT IMPORTS UNLIKELY FOR AT LEAST TWO YEARS BECAUSE AUSTRALIA IS WELL DOWN LIST OF CHINA'S OIL-SALE PRIORITIES AFTER JAPAN, PHILIPPINES AND THAILAND. BECAUSE OF INTERNAL TRANSPORTATION PROBLEMS CHINA LIKELY TO INCREASE IMPORTS OF MIDDLE EAST OIL TO SOUTH CHINA WHILE EXPORTING NORTH CHINESE OIL.

4. IN COMPARISON TO HIS PREVIOUS TRIP IN MID-1973, CAIRNS FOUND CHINESE OFFICIALS MORE RELAXED AND FORTHCOMING IN THEIR DISCUSSIONS NOT ONLY WITH HIM BUT AMONGST THEMSELVES. THIS MAY BE DUE, IN PART, TO THE MORE FORTHCOMING PERSONALITY OF LI HSIEN-NIEN WHO WAS HIS PRINCIPAL POINT OF CONTACT DURING CAIRNS' RECENT TRIP.

5. HE NOTED SOME IMPROVEMENT OVER THE PAST YEAR IN THE ECONOMIC APPEARANCE OF CHINA, SUCH AS THE QUALITY AND QUANTITY OF VEHICLES ON THE ROAD. HE GAINED NO INSIGHTS OR INFORMATION REGARDING CHINA'S TRADE OR OTHER RELATIONSHIPS WITH OTHER COUNTRIES SINCE HIS CHINESE HOSTS SCRUPULOUSLY AVOIDED THESE SUBJECTS. THE ONLY THIRD COUNTRY THEY WOULD DISCUSS, AND THIS THEY DID WITH STARTLING FRANKNESS, WAS THE SOVIET UNION.

6. CAIRNS SUGGESTED THAT WE DINE TOGETHER ON HIS RETURN SO AS
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TO DISCUSS CHINA AT GREATER LENGTH AS WELL AS OTHER SUBJECTS.
I READILY AGREED.
GREEN

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NNN

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